

NON-CORE ACTIVITY REVIEWS

Report of the Director of Housing & Customer Services

1. SUMMARY

- 1.1 On 24 February 2011 the City Board received a report containing a schedule of non-core activities and the timetable for review.
- 1.2 This report summarises the outcomes of reviews undertaken in the following service areas:
 - Furnished Tenancy Scheme (Appendix 1)
 - Garden Maintenance Scheme (Appendix 2)
 - Internal Decoration Scheme (Appendix 3).

2. RECOMMENDATION

- 2.1 To approve the following:
- 2.2 To retain the furnished tenancy scheme and make recommendations to Derby City Council as outlined within the report and shown in more detail at Appendix 1.
- 2.3 To retain the garden maintenance scheme and recommend to Derby City Council that the service charge is reviewed for implementation in April 2012 based on the new contract price for grounds maintenance.
- 2.4 To retain the home decoration scheme and consult with service users on options to vary the frequency of decoration carried out.

3. MATTER FOR CONSIDERATION

- 3.1 The non-core activity reviews covered within this report were discussed in detail at the Value for Money Steering Group on 1 November 2011. A number of recommendations were made which have now been incorporated into this report for City Board members approval. Copies of the full reports on each service area are attached as appendices to this report.

Furnished Tenancy Scheme.

- 3.2 A furnished tenancy is provided where a tenant does not have their own furniture and/or white goods nor do they have the means to provide them. Such a tenancy attracts a service charge, which over time should be set to fully recover costs. Once a tenancy is furnished, it cannot cease to be so until the tenancy ends. The service charge is covered by Housing Benefit for those tenants who are eligible.

- 3.3 A fully copy of the review report is shown at Appendix 1.
- 3.4 The review has looked at all aspects of providing furnished tenancies and concludes that Derby Homes should continue to provide this service, but with further recommendations to the Council on how the process should be operated and methodology for reviewing the service charges.
- 3.5 At the present time the methods through which furnished tenancies are financially operated is confusing. All of the costs associated with providing and maintaining furnished tenancies are charged to Derby Homes Management fee, whilst the income from the service charges is credited to the Council's Housing Revenue Account.
- 3.6 This means that at present if we order a new furniture pack or have to replace any items within an existing one the cost comes from the budget within Derby Homes' Management Fee and we have to make up any shortfall at the end of the year. The income however, from service charges is paid directly into the Housing Revenue Account held by the Council and does not offset any of the costs.
- 3.7 Expenditure and income rarely balance in any one year due to the fact that this is a demand led service where spending is led by need and the costs are then recovered over time.
- 3.8 The review recommends that spending and income needs to be aligned. In order for this to happen it is recommended that Derby Homes Management Fee is reduced by £204,000 (average spend over the last three years), and then costs allocated directly to the Council's HRA. This places income and expenditure in the same place, as it is for all other elements of the rent.
- 3.9 Tenants will see no difference, they will still contact Derby Homes for any issues relating to furniture packs but the costs will be charged to the Council who will hold the budget.
- 3.10 The review also considered factors such as the average lifespan of furniture packs and provision for bad debt and recommends that the council should take these issues into account when reviewing service charges.
- 3.11 Where a tenant has had a furniture pack for over five years the review is making a recommendation to the Council that a reduced charge could be introduced (75% reduction).

Garden Maintenance Scheme

- 3.12 The aim of this scheme is to help elderly and disabled tenants to maintain their gardens. As with the furnished tenancy scheme this also attracts a service charge which is covered by Housing Benefit for those tenants who are eligible.
- 3.13 At present 507 tenants receive the garden maintenance service and pay a service charge of £4.36 per week. The total income is £106,105 and the contractors cost for providing the service is £98,500. Derby Homes staffing costs incurred through running this service are estimated at £21,476 per year. This means that the service currently operates at a loss of £13,876 per year

- 3.14 Ideally the income should cover the total cost of providing the service and therefore the current service charge should be reviewed.
- 3.15 At the present time the grounds maintenance contract is being re-procured the proposal is to await the conclusion of this process and reassess charges for this service on the costs from April 2012.

3.16 **Home Decoration Scheme**

This scheme is available to elderly and disabled tenants living in 'sheltered' accommodation and provides them with a service which will decorate one room a year. The service is linked to the tenancy and the charge is covered by Housing Benefit for those tenants who are eligible. As with the previous services tenants cannot opt in and out of the service.

- 3.17 There are currently 1478 tenants receiving the service and pay a service charge of £4.26 per week. This generates an annual income of £311,000. Currently only around 75% of the tenants on the scheme opt to have a room decorated each year and the current cost is £313,000 per year. If 100% of tenants opted to take full advantage of the scheme we would be operating at a considerable loss.
- 3.18 The review concludes that introducing a service charge which covers the full cost of the service would be excessive and options for changing the service level should be considered as an alternative which would keep service charges more affordable.
- 3.19 The options are as follows:
- a) Continue to offer a service which decorates one room every 12 months and increase the service charge to cover this, or
 - b) Keep the charge at its current level but reduce the frequency of the decorating to perhaps two rooms every eighteen months rather than one every 12 months
- 3.20 The Value for Money Steering Group discussed the options above and recommended that users of service be consulted as to their preferred option. A further report on the outcome of this consultation to then be presented to a future meeting of the City Board.

4. **CONSULTATION IMPLICATIONS**

Further consultation will be carried out with users of the Home Decoration Service to determine the preferred option for amending the service level.

5. **RISK IMPLICATIONS**

It is a risk to core business activities if income does not match expenditure on non-core activities as this will be a direct charge to the management fee and reduce our ability to deliver services in other areas.

The areas listed below have no implications directly arising from this report:

Financial and Business Plan
Legal and Confidentiality
Council
Personnel
Environmental
Equalities Impact Assessment
Health & Safety
Policy Review

If Board members or others would like to discuss this report ahead of the meeting please contact the author, or Phil Davies, Chief Executive, phil.davies@derbyhomes.org – Phone: 01332 888528

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Background Information: None

Supporting Information:

FURNISHED TENANCIES

Report of the Director and Company Secretary

1. SUMMARY

- 1.1 This report forms part of the review of 'Non Core' activities, which are those services that it is not an obligation on the Council nor Derby Homes to provide. With respect to Furnished Tenancies these are meant to support new tenants who cannot afford to equip their Council homes and can effectively be placed onto a furnished tenancy with a compulsory service charge to recover the cost of the furniture packs that are provided within that tenancy. Over time, therefore, the charges should be set to fully recover costs but no more than that. This review is intended to review that principle and also whether there are means to change the operation of the scheme as a whole.

2. RECOMMENDATIONS

- 2.1 To recommend to the Council that it transfers the cost of furniture packs from Derby Homes to the Council with a reduction in Derby Homes' fee of £204,000 a year.
- 2.2 To recommend to the Council that it freezes furniture pack charges next year instead of increasing them by Retail Prices Index.
- 2.3 To recommend to the Council that it adopts the methodology for setting future furniture pack charges set out in this report.
- 2.4 To recommend to the Council that it allows the standard charge for furniture packs to be reduced by 75% for each element of furniture that is older than 5 years.
- 2.5 To recommend to the Council that it sets aside £300,000 a year to cover the net cost of these proposals from within its business plan.

3. MATTER FOR CONSIDERATION

Review of the operation of the scheme

- 3.1 Furnished tenancies apply where a tenant receives a furniture pack. Once a tenancy is furnished it cannot cease to be so, and will continue to be a furnished tenancy until the tenancy ceases. If this were not the case, then the service charges imposed on the tenancy would not be eligible for Housing Benefit. As a result, there have been regular problems with the operation of the scheme as tenants sometimes object to the level of charges imposed or their inability to convert their tenancy away from a furnished one to an unfurnished.

Objective of the review

- 3.2 To consider whether there are changes to the operation of the scheme that are required and how it might operate in the future.

Analysis

- 3.3 Furniture packs are charged as a service charge by the Council and the income goes to the HRA. In recent years this income has been as follows:

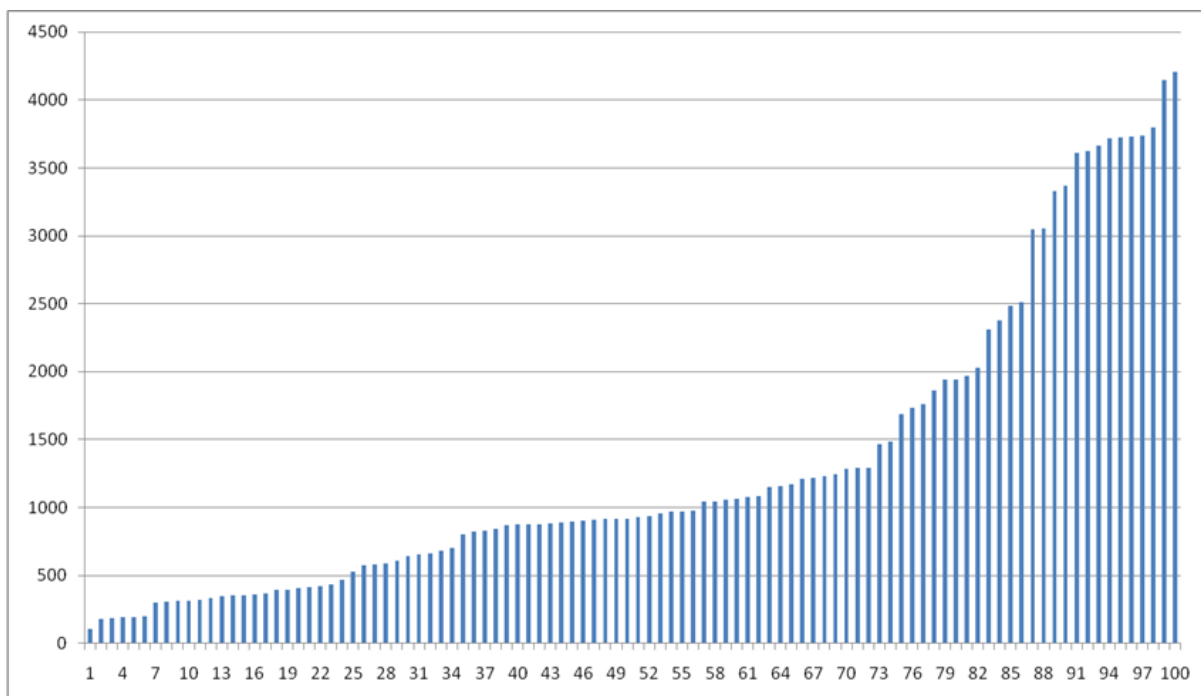
2007/2008	855,034
2008/2009	818,856
2009/2010	783,696
2010/2011	810,000

- 3.4 At the same time, Derby Homes has the responsibility within its Management Fee for expenditure on new and replacement packs.

2007/2008	207,900
2008/2009	165,519
2009/2010	239,297
2010/2011	370,411

- 3.5 In both 2010/11 and 2011/12, Derby Homes took a conscious decision to invest additional £75,000 of its own funds (on a one off basis) to expand the provision due to increased demand without additional funding within the HRA. In effect in 2010/11 Derby Homes had to fund a further overspend during that year, but that additional spending will produce additional income to the HRA in future. Likewise, if Derby Homes was to cut back severely on spending it would benefit even though in the long term, the income to fund this investment would reduce as a consequence.
- 3.6 There is therefore a fundamental mismatch between responsibility for income and spending which can lead to anomalies. This is generally a demand led budget where spending will relate to that need but will be fully recovered over time, but not in the year in which the costs are incurred but rather over the following years as the income is recovered. The first recommendation therefore is that income and expenditure need to be aligned. In order for this to happen, it is proposed that Derby Homes' management fee be reduced by **£204,000** (the average spend over the previous three years) but that spending be allocated directly to the HRA from 2012/13.
- 3.7 This should be neutral for the Council and will place both income and expenditure risk – as it is for other elements of rent – with the HRA. Derby Homes would of course continue to administer the scheme on behalf of the Council.

- 3.8 In order for this to take place there will need to be clearly understood rules of operation about how to calculate charges and on the rules for incurring replacement spending.
- 3.9 Currently there is a wide range of lifespans of furniture packs from a few months to a few packs which have been running in excess of 5 years:



The above graph shows the number of days (vertical) and number of sample (100 – statistically significant).

- 3.10 The average lifespan of a furnished tenancy is 3.5 years. The charges should therefore be based on this lifespan rather than the currently assumed 4 years.
- 3.11 The rate of bad debt in the current calculation had been set at 30%. This is excessive when the average default level for rents and service charges is below 5%. It is therefore proposed that this element of the calculation should be reduced to 5%. However, this did cover the issue of short life returns – that is where a pack is returned before its expected life (5 years) has expired. Where this occurs, there is clearly an additional cost which needs to be recovered within the scheme.
- 3.12 However, there also needs to be a timepoint where a tenant is entitled to replace their goods free of further charge. It is suggested that where an item is recorded as being over the expected life – that is five years, then the tenant should be entitled to a replacement at the same charge or as an alternative, the Council could offer to reduce the charge made by 75% where the goods are retained beyond the five year period. Clearly where an item is broken in advance of this point then this will also need to be repaired or replaced unless it is as a result of deliberate damage by the tenant. In addition, where the items are within warranty periods, it would be expected that full advantage of the warranty is taken. These points will need to be clarified with Housing benefit before being fully implemented in order to make sure that any changes do not affect tenants' ability to claim the higher rent.

3.13 The general principles of setting charges for furniture packs should be as follows:

The cost of purchasing the goods:

- Plus

Cost of connection – washing machine £20, electric cooker £30 = **initial cost**
Initial cost plus disconnection (as for connection), disposal costs £5 an item, £15 for electrical items, and PAT testing for white goods £8 each, housing staff time involved in set up of individual arrangements £60 = **cost of goods**

- Plus

Maintenance at 10% of cost of goods for white goods and 4% of cost of goods for other item = **cost including maintenance**

- Plus

Interest on half the **initial cost** at 6.5% interest rate = **cost including interest**

- Plus

Bad Debts at 5% of cost including interest and
Management costs at 20% of cost including interest = **Cost if all kept for average life**
Divided by 48 weeks times average length (3.5 years) = **charge per rental week.**

3.14 The cost of the packs has been established at a rate in the past (now outdated) and the underlying charge is then increased each year by RPI. It is proposed to refresh these rates to the current contract that has just been let – which are substantially higher than the rates previously used in calculating service charges - and then to continue to increase by RPI each year as previously. This means that each new pack will have a charge set under the current policy at the price pertaining at the time. The specific calculations for Furniture Pack 1 are set out as an example at Appendix 1.

Conclusion

- 3.15 The average reduction that might be expected as a result of these changes overall would be a reduction of about 3% in charges for new packs compared to the existing charges.
- 3.16 For existing packs, it is proposed that the expected RPI increase for 2012/13 of about 5% not be applied in order to reduce the 'overcharge' to nil in April 2012. Inflationary increases would then continue from 2013/14 onwards

Voids

- 3.17 The other issue is that when tenants leave, the tenancy remains a furnished tenancy to the extent of the furniture pack. It is suggested that where this occurs and the goods are in excess of 5 years old, then the tenancy would revert to being unfurnished. Where elements of the pack were not over 5 years old, the rules would

apply exactly as if the original tenant had remained so there would be a reduction in charges after 5 years life had expired.

Cost Implications

- 3.18 It is difficult to be precise about the impact of these changes overall, but it is expected that income will fall and spending will increase as a consequence of these changes. A sum of £300,000 a year has been provisionally set aside to cover these two items in the HRA Business Plan but this it is hoped should prove an overestimate. It is expected that a reduction in current charges of effectively 5% will result in a loss of about £30,000 a year of income to the HRA, but the discount applied to packs over 5 years old will result in further income losses of approximately £160,000 – a total loss of income of £190,000 a year. The additional spending is much harder to predict but it is hoped that this should be contained within the funding of £300,000 set aside for this purpose in the draft HRABP, although there might be a higher cost in the first year as the backlog of tenants over 5 years is tackled gradually. Indeed, it might be necessary to start with those tenants with the oldest packs first in terms of offering a potential replacement, working backwards to those only just reaching 5 years. As a consequence, the change of policy might take a while to implement fully. However, it is essential that the current anomalies are corrected in order to sustain the service to tenants, make charges more reasonable over the longer term, and avoid being perceived to overcharge tenants after their initial rental period.

Implications for other Service Charges

- 3.19 While undertaking this review it has become evident that the current calculations for bad debts (10%) and management fees (15%) are incorrect, and should instead be 5% and 20% respectively. In effect the combined total remains the same and should have no impact on overall charges.
- 3.20 As with all service charges, formal approval of the Council will be necessary before these changes can be implemented.

4. CONSULTATION IMPLICATIONS

Consultation with tenants on the final proposals will be undertaken by the Council as part of its proposals for rents and service charges for 2012/13.

5. FINANCIAL AND BUSINESS PLAN IMPLICATIONS

The result of these changes would be neutral for Derby Homes but would impact on the HRA as income would be slightly lower than currently planned, and spending would be somewhat higher. Draft planning has allowed for around £300,000 a year of additional cost and lost income as a consequence.

6. LEGAL AND CONFIDENTIALITY IMPLICATIONS

The operation of housing benefit needs to be fully clarified before final decisions are made by the Council. Legal advice from the Council's solicitors will be sought if this report is accepted.

7. COUNCIL IMPLICATIONS

This is a matter which requires the approval of the Council. Approval will be sought at the next appropriate meeting of the Council in March 2012.

8. EQUALITIES IMPACT ASSESSMENT

- Does this report affect the delivery of a service Yes / No
- Has an Equality Impact Assessment been completed Yes / No (please attach as appendix)
- If no Equality Impact Assessment has been completed please provide a summary of the equalities implications

9. RISK IMPLICATIONS

Moving income and expenditure together to the same responsible party will reflect the risk and reward appropriately rather than the current split which gives a perverse incentive to Derby Homes to reduce spending.

The areas listed below have no implications directly arising from this report:

Personnel
Environmental
Policy Review

If Board members or others would like to discuss this report ahead of the meeting please contact the author, or Phil Davies, Chief Executive, phil.davies@derbyhomes.org – Phone: 01332 888528

Author: Insert Name David Enticott/ Director and Company Secretary / Phone 01332 888529/
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Background Information: None

Supporting Information: Appendix 1 – detailed calculations example

REVIEW OF NON-CORE SERVICES – GARDEN MAINTENANCE SERVICE

1. SUMMARY

- 1.1 This report looks at the Garden Maintenance Scheme (GMS). A service Derby Homes provides for their elderly and vulnerable tenant's, own gardens.
- 1.2 The aim of the scheme is to help elderly and disabled tenants to maintain their gardens and the environment they live in.

2. RECOMMENDATIONS

- 2.1 That the garden maintenance scheme is continued, and the opportunity of a new contract is used to introduce new ideas.
- 2.2 In principle to review and set charges higher to recover actual costs.

3. MATTER FOR CONSIDERATION

- 3.1 The GMS has been running for several years, and is currently completed by Vale Contract Services. The contract is now due for renewal.
- 3.2 GMS is a basic garden maintenance scheme, aimed at dealing with the more physically demanding side of keeping gardens tidy.
- 3.3 GMS is becoming increasingly popular with our tenants; there are 450 homes on the scheme, with 20 more in the system, but the current contract is set at dealing with 507 homes. GMS is accessible to all elderly and disabled residents who satisfy the criteria and is managed through the Estates Pride Team.

4. Consultation Implications

- 4.1 The review has been achieved by:
 - the use of statistics from the Derby Homes mini status reports
 - feedback from a survey of Local Housing Officers
 - noting comments and feedback from tenants, and through Housing Focus Groups.
- 4.2 We have spoken to Amber Valley who provides a service, which is the nearest match, to that provided by Derby Homes. They charge £4.75 per week for 14 grass cuts (collected) and 2 hedge cuts no works are carried out to shrubs and or borders.

- 4.3 Other Housing Companies offer varied services, frequencies of work, and subsidies to their customers.

5. FINANCIAL AND BUSINESS PLAN IMPLICATIONS

- 5.1 There is a weekly charge to tenants of £4.36 a week - £209.28 a year for the scheme, which is eligible for Housing Benefit. The cost of the Vale contract is £194.35 a year

Income is $507 \times £209.28 = \textbf{£106,105}$

Cost is $507 \times £194.35 = £98,500$

Gives a surplus figure of £7,600

- 5.2 Currently we have 450 homes on the scheme.

Income is $450 \times £209.28 = \textbf{£94,000}$

Cost is $450 \times £194.35 = £87,500$

This generates a surplus of £6,700

- 5.3 However this surplus does not take into consideration:

- Derby Homes Staffing costs - Contract Liaison Officer 70%, administration post 10%, Manager to oversee the contract 10%.estimated at £21476.00 per year including 18% on costs
- Bad debt provision, 5% - is £5,000

- 5.4 Therefore the scheme is cross subsidised by other tenants, and the weekly charge would need to be increased by £0.78p per week to recover these costs based on our current contract, which expires March 2012.

- 5.5 This scheme can go a long way in supporting our core values in the maintenance of our estates and responsibility to City Council properties, to keep them in good order, and provides value for money for:

- Derby Homes - the alternative could be more expensive in labour terms and property maintenance due to unkempt gardens, for example; damage to property through trees or vandalism, anti social behaviour and clearance of needles
- our tenants – in comparison to employing their own gardeners. The typical costs of a private gardener would be between £13 and £19 per hour.

6. LEGAL AND CONFIDENTIALITY IMPLICATIONS

In order to be eligible for housing benefit the tenancy conditions of all tenants on the scheme is changed by the serving of a notice, by way of a letter changing the terms of their tenancy.

7 PERSONNEL IMPLICATIONS

Currently the GMS service takes the equivalent one person's time to manage the whole process. If this service was not provided there would be an increased impact on the workload of Local Housing Officers, the service they provide, and would complicate day to day communication with the contractor. Housing Officers would have to take on the issues involved with managing neglected gardens, and dealing with those that have become a problem, rather than just monitoring their area.

8. ENVIRONMENTAL IMPLICATIONS

8.1 The majority of our customers are referred to GMS because they already have problems with their garden, which can be:

- a problem with neighbouring homes and gardens overgrowing onto local footpaths.
- very frustrating for other residents who manage their own gardens
- depressing for the tenant involved, cause tenancy issues, the more overgrown a garden gets the more the tenant may withdraw thinking that it is impossible to deal with

8.2 If a garden is not fit to go straight onto the scheme, alternative methods need to be found to bring it back in line; we do not have a budget for any remedial work.

8.3 Removing the scheme will:

- allow the appearance of Derby City Council estates to deteriorate, making them less popular and more difficult to let
- undermine the efforts of tenants who do keep their gardens in good conditions and also the communal areas managed by the contractors.
- increase the vulnerability of residents, who may seek help from others to maintain their garden and so get exploited by paying far too much for a service they don't know the value of and /or paying for work that may not really be required
- it will impact on tenants health - gardening is very therapeutic, GMS takes out the heavy work, enables tenants to add what colour they can manage, through small flower beds or pots
- open up problems with the Local Housing Office or neighbours. Neighbour disputes can easily grow out of the state of a neglected garden, creating more work for Housing Officers and mediation services
- tenants becoming isolated from friends or family because they feel their garden is a mess
- increase the cost of preparing voids for new tenants

- 8.4 Whilst not the main purpose of the scheme, the gardeners are welcome visitors to those who don't get out, they are something to look forward to

9. RISK IMPLICATIONS

Failed tenancies - tenants may not be able to satisfy the conditions of their tenancy.

10. CONCLUSION

- 10.1 The Garden Maintenance Scheme provides an important 'value for money service' which helps to enable our tenants to have pride in their homes. An emotive subject, which there seems to be a lot, or very little enthusiasm for depending on the person involved, but has a huge impact on the area Derby Homes maintains, and an impact on everyone who visits, and the impression they take away.
- 10.2 This year we have looked at ways of promoting the scheme, both within Derby Homes and with our tenants. With a new contract due soon, we will have the chance to put some new ideas into practice, improve the scheme and potentially extend the service, which in turn will increase the social benefits of the scheme and stability of the tenants.
- 10.3 The Committee is requested to approve the proposal, to continue to supply the Garden Maintenance Scheme:
- retain the scheme as it is, with the option of looking at additional ways, to improve it and make it more flexible.
- 10.4 Potential improvements to the scheme
- offer a cut and collect service
 - plant shrubs and flowers for residents
 - offer singular services only – for example, just hedge cutting or just grass cutting
- 10.5 The new contract will begin April 2012 which will give us the opportunity to explore new ideas, the financial consequences, and look at putting them in place, with the consultation of our residents and Housing Benefit Department.

11 Equalities Impact Assessment.

See Appendix 1.

Appendix 1.



Equality Impact Assessment form

1 Name the Strategy, Policy, and Procedure or Function being assessed

Non – core service – Garden Maintenance Scheme

2 What are the aims of the strategy, policy, procedure or function being assessed?

Whose need is it designed to meet?

Are there any measurable elements such as time limits or age limits?

The aim of the scheme is to provide a basic garden maintenance service, to customers who cannot manage the work for themselves, and is currently limited to those who are either:

- of state retirement age
- are disabled, without an able bodied person over the age of 18 years living with them

3 Who has been consulted?

- Local Housing Officers
- other authorities and Housing Association
- Housing Focus Group

4 Identify potential impact on each of the of the diversity 'groups' by considering the following questions. There may be other questions you need to think about which are specific to the strategy, policy, procedure or function you are assessing.

Might some groups find it harder to access the service?

- the scheme is specifically aimed at the elderly and disabled.
- some customers qualify, but do not have sufficient work to justify paying to go on the scheme.

Do some groups have particular needs that are not well met by the current service, policy, procedure or function?

Customers with insufficient work for the scheme

What evidence do you have for your judgement (e.g. monitoring data, information from consultation / research / feedback)?

Information has been gained by dealing with customers who have applied for the scheme

Have staff / residents raised concerns and or complaints?

- we have received both complaints, and compliments regarding the scheme
- satisfaction shown in mini status survey shows February at 52% and July 66%.

Is there any local or national research to suggest there could be a problem?

- out of 18 Authorities and Housing Associations, only one doesn't have a scheme in place, and that is going to be arranged, they currently offer a voucher scheme through a local charity.

Please use the table below to record your findings / answers

Strand	No Impact	Negative Impact	Positive Impact	Comments / Evidence
Age			X	Aimed at 65 years +
Disability			X	Aimed at disabled tenants
Gender	X			
Race	X			
Religion & Belief	X			
Sexual Orientation	X			
Transgender	X			
Marital Status	X			

5 Does the strategy, policy, practice or function promote equality of opportunity?

- Does it link to Derby Homes Core objectives Can any positive impacts be promoted as best practice

The Garden Maintenance Scheme provides a service for the elderly and the disabled, and has a positive impact, on both our customers and the environment they live in.

Customer feedback on the workers themselves is positive, the gardeners visit

regularly during the summer months and are often the only contact some customers have at home; the visits are part of their routine and something to look forward to.

6 If 'adverse Impacts' are identified are they?

Legal (i.e. not discriminatory)

None identified

What is the level of impact?

None identified

7 Are there any changes you could introduce which make this strategy, policy, procedure or function, work better for this group of people? Detail the actions planned and any further research or consultation required and how the actions will be monitored.

- Looking to promote the service to more tenants, to enable them to come onto the scheme before the garden becomes an issue

- Research the potential to vary the service, to open it up to more customers, through
 - Previous records, applications and enquiries
 - Speaking to customers

This would need a study of options that could be available, cost and methods of administering the variations proposed.

8 If actions / suggestions for improvement have been identified, what should the positive outcome be for Derby Home's customers?

To provide a service for customers who would fit the criteria, but don't have the volume of work to benefit, and enable them to keep their gardens tidy.

9 Do you consider a full Equality Impact Assessment is required or do the actions identified and planned meet the adverse impacts identified?

Monitoring

Review / New EIA (date or Timeframe)	In three years time - 2014
Name of person/s completing this form	Christine Leahy
Date assessment completed	20 September 2011
Name (and signature) of manager approving EIA	

REVIEW OF NON CORE ACTIVITY: ONE ROOM DECORATION SCHEME FOR ELDERLY OR DISABLED TENANTS

Report of the Director of Investment & Regeneration

1. SUMMARY

This report summarises a review of the One Room Decoration Scheme as a non-core activity, with recommendations to retain the scheme but make changes to operate within the service charge income.

2. RECOMMENDATION

- a) To continue to provide this service and, subject to continued satisfactory performance, promote the service to other eligible tenants.
- b) Adjust the frequency of decoration to one room every 16 months and do not increase the service charge. Then encourage all tenants to have the work done.
- c) Ensure the budget set for this work is sufficient to cover the cost of providing the service and that the costs are contained within the overall income collected through the service charge.
- d) Enhance the scheme by identifying and organising any responsive repairs that may be required.

3. MATTER FOR CONSIDERATION

- 3.1 Tenants who meet certain criteria, mainly being elderly or disabled, are eligible for this scheme. They pay a weekly service charge and in return we decorate one room each year. There are currently 1,478 tenants in the scheme.
- 3.2 The current service charge is £4.26 per week (over 52 weeks). This generates annual income of £311k, allowing a standard 5% for lost income through bad debts or when properties are temporarily vacant.
- 3.3 The contractor cost per room averages £235.42 and about 75% of tenants have the work done each year. The others choose not to, probably because they don't feel anything needs doing that year. In calculating service charges we allow 20% on costs for the management and supervision of work. This means that the overall cost of the scheme is around £313k per year.
- 3.4 So currently the scheme just about breaks even. But if the take up rate rises above 75% of tenants then the scheme would not be able to operate within its income. With 100% take up the annual cost would be £418k and the scheme would lose £107k, which is not viable.

- 3.5 To continue decorating one room every 12 months would require an increase in the service charge to £5.66 per week (over 52 weeks).
- 3.6 A practical alternative would be to keep the charge as it is, but reduce the frequency of decorating to one room every 16 months, meaning three rooms decorated every four years. This is probably better as these properties do not tend to get a lot of wear and tear, given the nature of the eligible tenants. Decorating a room every year is a little over the top, which is probably why we get many people who choose not to have it done every year.
- 3.7 The cost of the scheme for individual tenants is £221 per year, collected weekly along with rent. The service charge is eligible for housing benefit and so 90% of tenants in the scheme have the costs paid by housing benefit. The scheme is good value for money for tenants and both options presented mean it could continue and be financially viable.
- 3.8 Once part of the scheme it becomes a condition of tenancy, which is necessary for it to be eligible for housing benefit. Tenants are allowed to withdraw from the scheme, but only 12 months after the completion of the last decoration work, so that the cost of that work is recovered. When a tenant leaves the property it is dropped from the scheme and the new tenant has to make a separate application to join, if they wish to do so.

4. CONSULTATION IMPLICATIONS

DACP have carried out a series of customer journey visits following changes in the way the scheme is managed and delivered. Significant improvements have been noted. Independent customer surveys have also seen an increase in satisfaction. The SHOUT group have been consulted on this report and will be asked to monitor its implementation in the future.

5. FINANCIAL AND BUSINESS PLAN IMPLICATIONS

At present the scheme operates within service charge income, but only because the take up rate is about 75%. If all eligible tenants had a room decorated every year it would be in significant deficit and could not continue. Reducing the frequency of decoration to every 16 months or increasing the service charge will put the scheme on a sound financial footing and allow us to promote 100% take up.

6. EQUALITIES IMPACT ASSESSMENT

The customer base receiving this service is restricted by a set of criteria to those in greatest need. If this scheme was withdrawn these vulnerable customers would face a real struggle in decorating their home and complying with tenancy conditions. This would be costly and they would also face uncertainty about having to organise the work and who would be doing it.

7. RISK IMPLICATIONS

Currently the main risk is that take up rates increase and the scheme would not be financially viable.

With the proposed changes this risk would be removed and the main risk would be that costs rise about service charge income. Current contract costs are very low but will have to be re-tendered over the next two years. Future costs could be higher, especially if the economic climate has improved and the building industry is not in such a slump as it is now.

The areas listed below have no implications directly arising from this report:

Legal and Confidentiality
Council
Personnel
Environmental
Health & Safety
Policy Review

If Board members or others would like to discuss this report ahead of the meeting please contact the author, or Phil Davies, Chief Executive, phil.davies@derbyhomes.org – Phone: 01332 888528

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